



Invest Malaysia Series 2: The Road to EV

Opening Speech by Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia
9 November 2022

Ms Shemara Wikramanayake, CEO of Macquarie Group,

Datuk Muhamad Umar Swift, CEO of Bursa Malaysia,

Distinguished Speakers, Panelists and Guests, Members of the Media,

Ladies and Gentlemen,

Assalamualaikum warahmatullahi wabarakatuh and a very good morning.

1. Welcome to Series 2 of Invest Malaysia 2022. Today, our capital market conversation shifts to “The Road to EV” – a topic that expands on the overall theme of Invest Malaysia 2022 – “Pivoting for the Future”. Allow me to set the context and the urgency of this particular pivot to EVs, that is, electric vehicles.
2. The UN Secretary General Antonio Guterres in his address at the opening of COP 27 in Sharm el-Sheikh, Egypt two days ago repeated the calls for urgency to deal with climate change. “We are on a highway to climate hell with our foot on the accelerator” said the Secretary General. He called for a historic pact between developed and developing countries to combine capacities, and pivot the world towards reducing carbon emissions, transforming energy systems and avoiding a climate catastrophe.
3. We are grateful that Malaysia along with more than 90% of the world’s economies have already committed to be net zero in our greenhouse gas emissions by mid-century, and in the case of Malaysia, as early as 2050. Based on the Third Biennial Update Report, Malaysia emits some 334mt CO₂e whilst our forests are able to sequester some 259mt CO₂e resulting in a net emission of 75mt CO₂e.
4. 54% (181mt CO₂e) of our emissions are contributed by the energy sector and 21% (70mt CO₂e) from the transportation sector. It is therefore not surprising that based on the November 2021 study by WWF Malaysia and BCG entitled “Securing Our Future: Net Zero Pathways for Malaysia”, the top three priorities for Malaysia

would be: 1. Protect and enhance Malaysia's natural assets; 2. Decarbonise the energy sector; and 3. Accelerate low carbon transport.

Accelerate low carbon transport

Ladies and Gentlemen,

5. Back to addressing emissions reductions in the transport sector, the WWF Malaysia - BCG study identified four abatement levers building on strong current efforts and plans. They are: 1. Increasing public transport modal share to 40% in urban areas by 2030, 50% by 2040 and 60% by 2050; 2. Strengthening shared mobility and alternative transport; 3. Enhancing fuel economy in line with the ASEAN Fuel Economy Roadmap for the transport sector 2018-2025 which envisions a transformation of the ASEAN light-duty vehicle market into one of the world's most fuel efficient; and 4. Scaling up electrification of the light vehicle fleet. This is where EVs come in.
6. Aside from focusing on innovative technologies in manufacturing, computing, sensors, data management and analysis amongst others, EVs have a unique advantage – the more it is adopted as the choice of the masses, the greater its effect and the demand creation in various other industries.
7. It has the potential to become a virtuous cycle by attracting and assisting in the development of talent, skill and technologies or innovations that are needed by almost every sector. It can create numerous spin-offs for sectors where vehicles are essential tools of their trade such as public transportation, industrial transport, delivery services and many others.

EVs provide broad economic and development benefits

Ladies and Gentlemen,

8. Malaysia is home to two automotive brands – Proton and Perodua. Together with their connection to global automotive manufacturing giants of Toyota and Geely, that are at the forefront of developing the required technologies. They are expected to make the great inroads into affordable and mid-range vehicles.

9. This is the tipping point for mass adoption, with compact and mid-segment models accounting for more than 85% of car sales in Malaysia. Last year, almost half a million vehicles were sold, and this figure is estimated to rise to just over 600,000 by 2030.
10. According to Macquarie, the Malaysian electric vehicle market (both Hybrid and Battery Electric Vehicles) is estimated to grow at a CAGR of more than 31% by 2030, compared to a total industry volume of 2%. On the other hand, EV penetration is estimated to be 17% of new annual sales during the same period.¹
11. Another key driver for this market will be the growth of the charging infrastructure. Other than the Malaysian Green Technology and Climate Change Corporation (MGTC), Tenaga Nasional Berhad also sees the potential in the ChargeEV programme.
12. By 2030, Tenaga expects the EV market to have grown to 18,000 charging points for 524,409 BEVs on the road, with an annual electricity revenue of RM1.25 billion. This equates to a potential 4.4 million tonnes of CO2 emissions reduction, by taking an equivalent number of internal combustion engines off-the-road.²
13. Shell and Petronas, two of Malaysia's most well-known names, have also been expanding their offerings in this space. In the first half of the year, Shell launched its Shell Recharge 180kWh Fast Charging services with annual subscription and pay-per-use options, while Petronas Dagangan signed an MoU with JOMCharge to install fast chargers at Petronas stations.³ More recently in September 2022, Petronas launched its clean energy solutions provider Gentari which targets, among others, delivery of 25,000 public charging points across their key markets in Asia Pacific by 2030.
14. World-leading South Korean manufacturers of battery technology also see the potential. Samsung SDI Energy has announced an investment of RM7bil for a state-of-the-art battery manufacturing facility, which will create 1,300 new jobs (including highly skilled engineers and technicians), and have the ability to produce up to some 800 million battery cells yearly.⁴

¹ Macquarie Research – Malaysia Mobility Jan 2022

² TNB President and CEO – Interview with the Edge Aug 2022

³ The Edge, The Star, www.shell.com.my

⁴ Samsung SDI Co Ltd (South Korea) president and chief executive officer Yoon Ho Choi, The Star

15. This is an exciting growth area with great potential to create economic, social and environmental gains – all at the same time. I am sure that the panel sessions will share more about all this later today.

Bursa Malaysia's Voluntary Carbon Market

Ladies and Gentlemen,

16. It is critical that we continue to support industries that can generate this type of economic progress and environmental change. This is where Bursa Malaysia's Voluntary Carbon Market (VCM) will have a key role to play. The VCM will be operational very soon, by way of auction before the year-end. On this note, I strongly urge corporates to be among the auction's early participants, to demonstrate their leadership in climate action.
17. The VCM facilitates price discovery for new products by serving as a reference price for carbon credit trading and generating tangible price signals for potential issuers to embark on domestic carbon credit projects. A healthy ecosystem is crucial; besides government and other project developers, financial institutions have a large role here – investments in the right projects are key to driving a sustainable supply of carbon credits and making it widely accessible.
18. McKinsey, in their 2021 report, estimates that annual global demand for carbon credits could reach up to 1.5 to 2 gigatons of carbon dioxide by 2030, and up to 7 to 13 gigatons of CO₂ by 2050. Depending on different price scenarios and their underlying drivers, it could be worth between USD5 billion and USD30 billion at the low end and more than USD50 billion at the high end.⁵
19. It is easily foreseeable that some of the largest investments to meet the vision and the goals made by the EV and associated industries such as power generation, distribution, charging networks and others will help develop that crucial initial supply of carbon credits for other industries looking to offset their own carbon emissions to meet their commitments in this space.

⁵ McKinsey Sustainability Report, <https://www.mckinsey.com/capabilities/sustainability/our-insights/a-blueprint-for-scaling-voluntary-carbon-markets-to-meet-the-climate-challenge>

Outline of programme & closing

Ladies and Gentlemen,

20. The spirit of today's capital market conversation is one that is resounding throughout the world in that all efforts must no longer be centered on a 'win-lose' mentality of competition, but rather one that is based on 'how many winners we can help create together'.
21. Therefore, I am pleased that today's Invest Malaysia features many notable speakers and panellists. Our keynote address will be delivered by Ms. Shemara Wikramanayake, CEO of Macquarie Group. She is a staunch advocate of renewable energy production and speaks from deep experience, as well as a well-developed passion and intuition in this field.⁶
22. The panel discussions will firstly review broad government policies, followed by the implementation of the EV industry in Malaysia, before moving on to the opportunities and challenges that can be expected.
23. The final panel discussion will focus on discovery, and the progress and opportunities of the Voluntary Carbon Market. This panel will include our Bursa Malaysia CEO, Datuk Muhamad Umar Swift.

Ladies and Gentlemen,

24. Rarely does a sector offer the opportunities for so many others to thrive as we will see in today's discussion. With that, it now gives me great pleasure to welcome Ms Shemara Wikramanayake, CEO of Macquarie Group, to deliver her speech.

Thank you.

⁶ Shemara Wikramanayake, Wikipedia